

TESTIMONY OF MARK YARSIKE
CO-OWNER, PRODUCE PALACE INTL. OF WARREN, MI

Senate Commerce Committee

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Chairman McCain, Senators, my name is Mark Yarsike, and I am a small businessman from Warren, Michigan. I am also the first person in the world to ever file a Y2K suit. It is an honor for me to appear before you today, and I appreciate your allowing me to testify on the Y2K issue.

Together with my partner, Samuel Katz, we own a gourmet produce market in the Detroit suburbs. The produce business is in my blood. My parents and partner fled Europe and the Holocaust and came to this country from Poland after the Second World War. Taking advantage of the wonderful opportunities that America offers new citizens, within a few years they had managed to open their own small produce stores in Detroit.

My parents worked seven days a week and instilled in me the values of hard and honest work. I grew up helping run the store, and finally decided 13 years ago that it was time for me to follow in their footsteps. I found a great partner, Samuel Katz, and we opened a store in Warren.

It is not easy these days being a small, independent grocer in an industry totally dominated by huge corporate chains. But I still believe there is opportunity for the little guy like us who can offer our customers unparalleled service, who can adjust quickly to changes in the market, and who treat our employees like family.

However, it was not a large chain store which nearly destroyed my business a few years back - it was a Year 2000 computer problem, and that is what I am here to talk about this morning.

My parents had a cheap \$500 cash register in their store. It was basic, but it worked. When I opened my store, I decided to take advantage of the most current technology. I spent almost \$100,000 for a high-tech computer system. My computer systems was the top of the line - or at least that is what I thought. They could process credit cards, keep inventory. The company that I purchased them from spent hours extolling the virtues of the system - they sent a salesman from Chicago, they sent me sales literature, they promised that the system would last well into the year 2000. I believed them.

Opening day was the proudest day of my life. As we opened the doors to the store, we were thrilled to see lines of people streaming in. The store was sparkling, everything was ready. Or so we thought.

As people began to choose their purchases, lines began to form. Suddenly, the computer systems crashed. We did not know why it took over a year and over 100 service calls to realize it was the credit cards with the expiration 2000 or later that blew up my computer - the one which I spent \$100,000 on.

The entire computer system crashed. Lines were ten to twenty people deep. People were waiting with full carts of groceries to pay but couldn't. We could not process a single credit card or could not take cash or checks. We could not make one sale.

People began drifting out, leaving full carts of groceries behind. As my partner and I darted around the store trying to calm people, we heard constant comments like "I'll never come back here," "Who needs to wait on lines this long only to find you can't even buy what you want?" People walked out in droves. Many, I venture, have never returned. This happened over and over.

We did what anyone would do. We called TEC America, which had sold us the registers. We called them over 200 times. Every day there were problems, lost sales, aggravation. We were struggling to keep afloat week-to-week.

The company declared that it was doing its best to fix the problem, but refused to give us another system to use while they fixed these broken ones. Each time their technician visited our shop, the company insisted that the problem was solved - only to have the registers fail again hours later.

I lost thousands of dollars and hundreds of customers. I was on the brink of disaster and a nervous breakdown. The company was still promising every day that they had the problem licked, and every day they continued to refuse to give me new registers. I could not focus on the day-to-day operations of my business. I was consumed with making sure this computer system functioned daily.

I finally had to go out and buy a brand new system. I should have bought the \$500 dollar registers my parents used when they arrived from Poland - at least those worked.

But the huge costs of purchasing the first system, and then replacing it, on top of the lost sales and lost reputation caused daily havoc and stress on my partner and myself and all the employees - and I was getting absolutely no satisfaction from the computer company which put me in this fix in the first place.

I imagine that if I were one of the big corporate grocery chains, I could have used my market power to compel the computer company to work out some sort of resolution. But being the owner of just one store, I did not have that option.

So, I turned to the court system. I approached an attorney, Brian Parker, who is here with me today. We filed a case in Macomb County, Michigan and the system worked for me. The companies who caused all this grief finally settled with me 2-1/2 years later. I was able to recoup some of my losses.

But, I'll probably never get those hundreds of customers back, or be able to rid the store of the reputation that it got for long lines. In fact, if any of those customers are watching these proceedings today, I hope you will come back and give us a second chance.

I'm just a businessman. I am no expert on the legislation before the Committee today. But my lawyer tells me that had this bill- or others like it in Congress - been in effect when we had our problem, the computer company would have never settled. If we were lucky, we would still be in litigation. But more than likely, my store would be out of business.

I would not be a small businessman today - I would be a former small businessman. 120 people would be out of work, my landlord would have a "for lease" sign on my store's front window, and I would be looking for a job.

One thing I know now is that the so-called Y2K problem is not a Silicon Valley problem. It's a Warren, Michigan problem. And its not so much a "high tech" problem as it is a problem of getting companies to take responsibility for their products and the need to repair or replace them. What we need are responsible businesses to take care of the problem now - and not spend months and months of wasted time trying to get Congress to protect them.

Mr. Parker is here with me today, and he can tell you, as a lawyer, what the technical impact of this legislation will be. He can also tell you how the current system does work for people like me, and I imagine for countless small businessmen and women across the country who have been poached upon by large corporations. But if Brian wasn't there for me to get TEC America's attention, I would still be waiting for a return phone call.

Long ago, while sitting in their little grocery store in Detroit, my parents taught me that sometimes people with the best of intentions can try to make a problem better, but end up making it worse. I understand what they mean. I know that Congress is trying to help. But, before you act, I now hope you will consider what this legislation will do to the small businessman. I know that is why you have allowed me to share my story, and I am grateful you provided me the opportunity to testify today. I will be happy to try and answer any questions you may have.